Office of the Commissioner for Federal Judicial Affairs

2006-2007

Departmental Performance Report

The Honourable R. D. Nicholson, P.C., Q.C., M.P.
Minister of Justice and Attorney General of Canada

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SECTION I – OVERVIEW

Acting Commissioner's Message

I am pleased to submit the Performance Report for the Office of the Commissioner for Federal Judicial Affairs for the period ending March 31, 2007.

Although the mandate of our office may see very little change from one year to the next, this Report demonstrates that 2006-2007 was again a busy fiscal year and that our personnel was able to overcome the challenges that arose during this period.

Among other things, we introduced necessary changes following the coming into force of amendments to the *Judges Act*, we helped establish the various judicial advisory committees across the country after the start of their new members' mandates, and we updated our strategic plan. Of course, we also continued to provide our usual services, such as; support for the judiciary, language training and international cooperation to name but a few. The following pages set out these activities as well as others in more detail.

I wish to underline the professionalism and commitment of the employees of our office in its support of the Canadian judiciary. We continually aim to improve our practices in order to function in the most efficient manner and we remain prepared to face new challenges.

Marc A. Giroux

Management Representation Statement

I submit for tabling in Parliament, the 2006-2007 Departmental Performance Report (DPR) for The Office of the Commissioner for Federal Judicial Affairs.

This document has been prepared based on the reporting principles contained in the *Guide for the preparation of Part III of the 2006-2007 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the TBS guidance;
- It is based on the department's approved Strategic Outcome and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

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Marc A. Giroux
Acting Commissioner for Federal Judicial Affairs

Summary Information

Department's Raison d'être

Mission Statement

- **We are a federal agency statutorily created to support, promote and support judicial independence for the benefit of the public by providing a wide range of services to the Canadian judiciary.**

Vision Statement

The Office of the Commissioner for Federal Judicial Affairs (FJA) will be recognized as a unique service provider to the Canadian Judiciary and is renowned for efficiency, sound management and a good working environment.

Results for Canadians

There are 1,070 judges in Canada who are appointed by the federal government to the superior courts in the provinces and territories and to specialized courts such as the Federal Court of Appeal, the Federal Court and the Tax Court of Canada. These courts play a vital role in protecting citizens' rights and ensuring governments adhere to the rules of law and justice. FJA supports an independent judiciary and provides language training that enhances the capabilities of the judiciary.

FJA publishes the *Federal Courts Reports*, which are the official, bilingual reports of decisions, or parts of decisions of the Federal Court and Federal Court of Appeal, that are considered to be of sufficient significance to warrant publication. FJA also provides administrative support to the Canadian Judicial Council.

FJA operates an efficient and effective judicial appointments process. The Judicial Appointments Secretariat received and processed 701 applications for judicial appointment, including 217 brought forward from the previous period. The Secretariat arranged for 52 advisory committee meetings including 12 orientation meetings for newly appointed committees. The Advisory Committees assessed a total of 455 applications, the results of which were certified by the Executive Director, Judicial Appointments and provided to the Minister.

Promoting the principles of judicial independence, and efficient and transparent court systems internationally ensures protection of Canada's interests abroad and enhances Canada's visibility internationally.

Financial Resources

Planned Spending	Total Authorities	Actual Spending
$359,632,000	$405,489,094	$404,584,428

Human Resources

Planned	Actual	Difference
69	65	4

Departmental Priorities

Strategic Outcomes	2006–2007 Priorities/ Commitments	Type	Planned Spending	Actual Spending	Expected Results and Current Status
To protect and promote the independence and efficiency of the federal judiciary by providing a full line of administrative support services, as provided under the *Judges Act*.	1.Develop organizational capacity.	ongoing	$ .1 M	$ .1	ongoing
	2. Build a strong, integrated team.	ongoing	$ .1 M	$ .1	ongoing
	3. Improve service delivery.	ongoing	$ .5 M	$ .3	ongoing
	4. Enhance Communications .	ongoing	$ .1 M	$ .1	ongoing
	5. Manage Information	ongoing	$ .2 M	$ .5	ongoing

Overall Departmental Performance

FJA had planned on embarking on a Transformation Initiative in 2006-2007. Changes in priorities, as well as changes in the administrative directions provided from the Treasury Board Secretariat have caused a re-evaluation of the original plan of action. A business case to deal with Transformation Initiative was submitted to the Treasury Board Secretariat, however, with the completion of the previous Commissioner's term, we have agreed with the Treasury Board Secretariat to delay our implementation plan until such time as a new Commissioner is appointed and has had an opportunity to review the plan and confirm the proposed course of action.

An important number of results have been achieved, such as the completion of the business planning process which included a Human Resource Staffing Plan, a revision to the Business Resumption Plan to take into account the Influenza Pandemic requirements and the completion of draft Security Policies.

In addition, orientation meetings were held for the newly appointed 8-member Judicial Appointments Advisory Committees across the country and members were advised of their obligations and responsibilities in accordance with the Guidelines for Committee members. The

newly appointed 5-member Judicial Appointments Advisory Committee for the Tax Court of Canada was incorporated into the Judicial Appointments process and administered as a one-year pilot project in accordance with Ministerial guidelines.

The department conducted two major contracting activities using the Request for Proposal process, one for translation services and the second for the requirements relating to the International Program currently being undertaken in conjunction with funding received from the Canadian International Development Agency (CIDA). The results of the translation tendering process resulted in expected savings of approximately 35% of the original budget for translation. The process for the International Program requirements was approximately 80% completed by the end of the fiscal year.

In the area of International Cooperation, the 4 year agreement with the Canadian International Development Agency (CIDA) to assist with judicial reform in Russia proceeded in accordance with the approved plan. FJA has also signed a new 5 year agreement with CIDA to assist with judicial reform in the Ukraine. Work has progressed on the third party arrangement with the National Judicial Institute to provide assistance with judicial reform in China.

The department was also successful in implementing the required components of the *Public Service Modernization Act*. Its linkages with external partners (e.g. Canada School of Public Service, HR Co-op) have provided the organization with opportunities to leverage its capacity to successfully meet its fairly aggressive implementation schedule.

The department conducted a training program for members of the Health and Safety Committee. The training covered health and safety awareness, development of terms of reference and a draft Health and Safety Policy, and specialized training including hazard recognition, assessment, control hazard prevention, as well as hazardous occurrence investigations and inspections.

The department was successful in implementing the required changes as a result of the proclamation of Bill C-17, an Act to amend the *Judges Act*. The required actions included: the issuance of retroactive salary and pension adjustments back to April 1, 2004; changes to our internal computer system to incorporate the administrative changes contained in the *Act*; and changes to our processes to allow for the changes to the process for judges electing supernumerary status;

The department undertook a survey of judges to determine the level of satisfaction with the services offered by the judges communication network, JUDICOM. The response rate from judges was very high with 47% of the target audience responding to the survey and providing valuable comments and feedback which confirmed that most judges are very satisfied with the service being provided to them.

Link to the Government of Canada Outcome Areas

The Office of the Commissioner for Federal Judicial Affairs, through the provision of services to all federally appointed judges, falls under the Government Affairs area within the Government of Canada Outcome areas.

SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Strategic Outcome

To protect and promote the independence and efficiency of the federal judiciary by providing a full line of administrative support services, as provided for under the *Judges Act*.

Expected Results:

- Intermediate Outcomes

To remain a major pillar of the Canadian judiciary by providing top quality, reliable and comprehensive services;

To maintain, and enhance where possible, FJA partnerships with judicial organizations both within Canada and outside Canada; and

To constantly improve and tailor FJA systems and procedures, and use the best proven technology available to meet the needs of clients.

- Immediate Outcomes

To improve the ability of FJA to respond to the needs of the members of the judiciary which will allow the judges to continue to play a vital role in protecting citizens' rights and ensuring governments adhere to the rules of law and justice.

Plans, priorities and commitments

The following key priorities were identified in the *2006-2007 Report on Plans and Priorities*:

1) Develop organizational capacity;
2) Build a strong, integrated team;
3) Improve service delivery;
4) Enhance communications; and
5) Manage information.

Program, resources, and results linkages

Develop Organizational Capacity

FJA has developed a human resource plan to assist with meeting the current and long term requirements of the department. A review of job descriptions has commenced. Succession planning issues have been identified and funding has been received to assist the Human Resources section in responding to pressing needs. Other sections are reviewing their succession planning requirements.

Build a Strong Integrated Team

FJA has met the requirements for the implementation of the *Public Service Modernization Act.* FJA has received its delegation of authority for staffing, consequently FJA has undertaken extensive development of its human resources staff and the role of the Human Resources Steering Committee has been revised accordingly. An Orientation kit for new employees has been developed. Staff have continued to benefit from ongoing training programs such as the Health and Safety Committee training.

Improve Service Delivery

Training of federally appointed judges is a major component of the client services provided. FJA offers a language training program to judges. Approximately 350 registrations of judges have been received for the different language training activities. Total expenditures for this training program amounted to $ 1,563,035.

The Judicial Counselling Program is an employee assistance program providing short term professional counselling in both French and English to all judges. This program is administered by FJA and provides assistance to all judges and their families. Since this is a confidential program, no information is available on individual usage. FJA has received a number of testimonials on the importance of this program from members of the judiciary. The total spending on this program amounted to $91,424 of which $65,000 was recovered through a cost-sharing agreement with provincial governments.

Enhance Communications

FJA has embarked on a structured communication strategy to keep staff informed of the changes necessitated by the *Public Service Modernization Act*. This strategy included the introduction of HR Bulletins, capsule summaries, Town Hall meetings as well as consultation with bargaining units. The current in-house communications tool is being revised to provide a more useful avenue for communications to staff. The ongoing communication with judges is facilitated by the communication tool JUDICOM which is administered and provided by our office to all federally appointed judges who wish to use the system. A survey of judges was conducted on the level of satisfaction with the JUDICOM services and the response rate of 47% was achieved with most responses confirming a high level of satisfaction with the services provided.

Manage Information

FJA has developed a Corporate Plan which identifies priorities and targets. Extensive work has been done in designing an implementation program for an Information Management program, RDIMS. FJA has completed the process of documenting all departmental practices and processes to determine where duplication exists and where efficiencies can be found.

SECTION III – SUPPLEMENTARY INFORMATION

Organizational Information

The Commissioner for Federal Judicial Affairs is assisted by a Deputy Commissioner, who is also responsible for corporate services and Judges' language training. Other senior officials reporting directly to the Commissioner include the Executive Director Judicial Appointments and Legal Counsel, responsible for administering the judicial appointments process on behalf of the Commissioner, the Executive Editor, responsible for publishing the *Federal Courts Reports*, and the Executive Director and General Counsel of the Canadian Judicial Council, who is the Council's chief administrator.

BUSINESS LINE DESCRIPTION

The Office of the Commissioner for Federal Judicial Affairs provides a range of services to the judiciary through the following service lines: Administration; the Canadian Judicial Council; and payments pursuant to the *Judges Act*.

- **Administration** - This service line provides the federal judiciary with guidance and advice on the interpretation of Part I of the *Judges Act*; provides the Minister with an up-to-date list of recommended candidates for appointment to the judiciary as well as providing support to the judiciary in the areas of finance, personnel, administration, training, editing and information management.
- **Canadian Judicial Council** - This service line provides for the administration of the Canadian Judicial Council as authorized by the *Judges Act*. The Council, made up of the 39 Chief Justices and Associate Chief Justices of Canada's superior Courts, acts independently in the pursuit of its mandate, which is to foster a better administration of justice in Canada. The Office of the Council is managed by an Executive Director and General Counsel who reports functionally to the Chief Justice of Canada and administratively to the Commissioner.
- **Payments pursuant to the *Judges Act*** - This service line provides for payment of salaries, allowances and annuities to judges and their survivors as authorized by the *Judges Act*.

Functional Structure

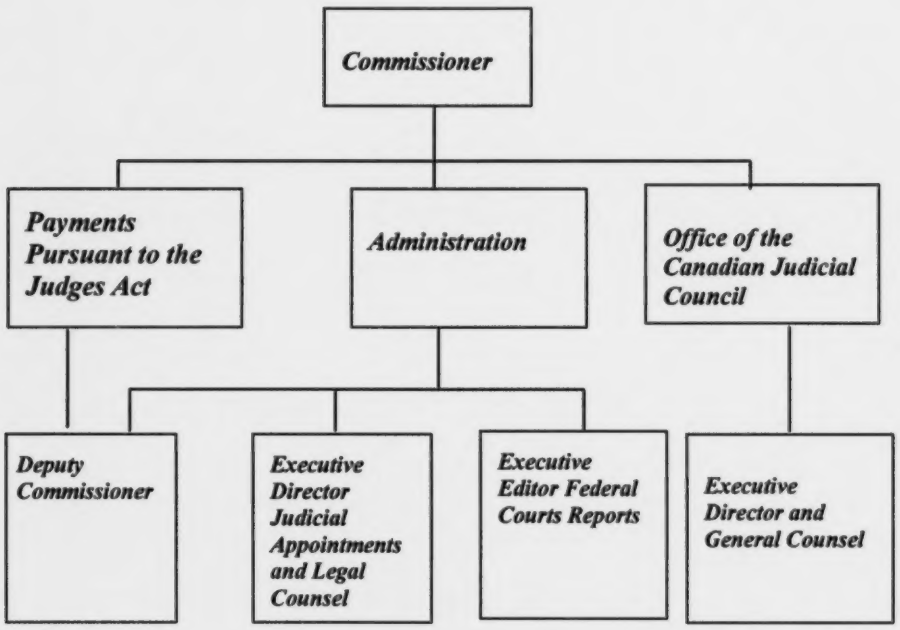
Commissioner
Payments Pursuant to the Judges Act
Administration
Office of the Canadian Judicial Council
Deputy Commissioner
Executive Director Judicial Appointments and Legal Counsel
Executive Editor Federal Courts Reports
Executive Director and General Counsel

Table 1: Comparison of Planned Spending and Full Time Equivalents

($ millions)	2004–05 Actual	2005–06 Actual	2006–2007 Main Estimates	2006–2007 Planned Spending	2006–2007 Total Authorities	2006–2007 Total Actuals
Federal Judicial Affairs	9.0	8.5	8.4	8.4	8.8	8.1
Canadian Judicial Council	1.7	1.8	1.7	1.9	1.9	1.7
Payments Pursuant to the *Judges Act*	333.0	341.5	349.5	361.6	394.8	394.8
Total	**343.7**	**351.8**	**359.6**	**371.8**	**405.5**	**404.6**

Total	343.7	351.8	359.6	371.8	405.5	404.6
Less: Non-Respendable revenue	8.8	10.6	13.1	13.1	12.5	12.5
Plus: Cost of services received without charge *	1.0	1.2	1.2	1.2	1.3	1.3
Net cost of Department	**335.9**	**342.4**	**347.7**	**359.9**	**394.3**	**393.4**

Full Time Equivalents	**67**	**68**	**69**	**69**	**69**	**65**

Table 2: Use of Resources by Business Lines

2006–2007								
	Budgetary						Plus: Non-Budgetary	
Program Activity	Operating	Capital	Grants and Contributions	Total: Gross Budgetary Expenditures	Less: Respendable Revenue	Total: Net Budgetary Expenditures	Loans, Investments and Advances	Total
Federal Judicial Affairs								
Main Estimates	8,676,000	0	0	8,676,000	275,000	8,401,000	0	8,401,000
Planned Spending	8,676,000	0	0	8,676,000	275,000	8,401,000	0	8,401,000
Total Authorities	9,114,567	0	0	9,114,567	275,000	8,839,567	0	8,839,567
Actual Spending	8,298,673	0	0	8,298,673	173,066	8,125,607	0	8,125,607
Canadian Judicial Council								
Main Estimates	1,685,000	0	0	1,685,000	0	1,685,000	0	1,685,000
Planned Spending	1,885,000	0	0	1,885,000	0	1,885,000	0	1,885,000
Total Authorities	1,851,950	0	0	1,851,950	0	1,851,950	0	1,851,950
Actual Spending	1,661,244	0	0	1,661,244	0	1,661,244	0	1,661,244
Payments Pursuant to the *Judges Act*								
Main Estimates	349,546,000	0	0	349,546,000	0	349,546,000	0	349,546,000
Planned Spending	361,600,000	0	0	361,600,000	0	361,600,000	0	361,600,000
Total Authorities	394,797,577	0	0	394,797,577	0	394,797,577	0	394,797,577
Actual Spending	394,797,577	0	0	394,797,577	0	394,797,577	0	394,797,577

Table 3: Voted and Statutory Items

Vote or Statutory Item	Truncated Vote or Statutory Wording	2006–2007			
		Main Estimates	Planned Spending	Total Authorities	Actual
20	Operating expenditures	7,629,000	7,629,000	8,055,613	7,437,295
25	Operating expenditures Canadian Judicial Council	1,589,000	1,789,000	1,851,950	1,565,602
(S)	Payments Pursuant to the *Judges Act*	349,546,000	361,600,000	394,797,577	394,797,577
(S)	Contributions to employee benefit plans	868,000	868,000	783,954	783,954
	Total	**359,632,000**	**371,886,000**	**405,489,094**	**404,584,428**

Additional funding for Vote 20 and Vote 25 was approved through the Supplementary Estimates process.

The increased requirements for Payments Pursuant to the *Judges Act* were as a result of the payment of a retroactive salary increase to April 1, 2004 as a result of Bill C-17.

Table 4: Services Received Without Charge

($ millions)	2006–2007
Accommodation provided by Public Works and Government Services Canada (PWGSC)	1.0
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS (excluding revolving funds)	.3
Total 2006–2007 Services received without charge	**1.3**

Table 5: Sources of Respendable and Non-Respendable Revenue

Respendable Revenue

($ millions)	Actual 2004-05	Actual 2005-06	2006-2007 Main Estimates	2006-2007 Planned Revenue	2006-2007 Total Authorities	2006-2007 Actual
Federal Judicial Affairs						
Office of the Umpire for Employment Insurance	.05	.05	.05	.05	.05	.05
Administrative Agreement with Canadian International Development Agency	.076	.076	.225	.225	.123	.123
JUDICOM Training Program	.093	.0	0	0	0	0
Total Respendable Revenue	**.219**	**.121**	**.275**	**.275**	**.173**	**.173**

Non-Respendable Revenue

($ millions)	Actual 2004-05	Actual 2005-06	2006-2007 Main Estimates	2006-2007 Planned Revenue	2006-2007 Total Authorities	2006-2007 Actual
Payments Pursuant to the *Judges Act*						
Judges' Contributions to Pension Fund	8.8	10.5	13.1	13.1	12.5	12.5
Total Non-Respendable Revenue	**8.8**	**10.5**	**13.1**	**13.1**	**12.5**	**12.5**

Table 6: Departmental Financial Statements

Office of the Commissioner for Federal Judicial Affairs
Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2007 and all information contained in these statements rests with the Office of the Commissioner for Federal Judicial Affairs (FJA) management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of FJA's financial transactions. Financial information submitted in the preparation of the Public Accounts of Canada and included in the FJA Departmental Performance Report is consistent with these financial statements.

Management maintains a system of financial management and internal controls designed to provide reasonable assurance that financial administration is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout FJA.

The financial statements of the Office of the Commissioner for Federal Judicial Affairs have not been audited.

Marc A. Giroux	Wayne Osborne
Acting Commissioner	Director of Finance and Administration
Senior Financial Officer	Senior Full Time Financial Officer

Ottawa, Canada
August 10, 2007

Office of the Commissioner for Federal Judicial Affairs
Statement of Operations (unaudited)
For the year ended March 31
(in dollars)

	2007				2006
	Federal Judicial Affairs	Canadian Judicial Council	Statutory Expenses	Total	Total
Operating Expenses					
Salaries and benefits	4,972,533	763,787	366,755,248	372,491,568	318,125,619
Transportation and telecommunications	815,902	139,276	22,775,091	23,730,269	24,749,228
Professional and special services	2,157,927	704,345	326,908	3,189,181	3,409,761
Accommodations	870,812	142,273	-	1,013,085	903,492
Utilities, materials and supplies	297,979	17,369	-	315,348	117,021
Communications	66,968	33,249	20,867	121,085	199,062
Repairs and maintenance	110,237	5,730	-	115,967	165,881
Amortization	110,988	-	-	110,988	111,062
Machinery and equipment	68,796	34,974	-	103,730	130,863
Rentals	44,186	9,129	13,996	67,311	147,509
Loss on write-down of capital assets	3,818	-	-	3,818	-
Other expenses	65,237		4,905,466	4,970,703	5,225,042
Total operating expenses	**9,585,384**	**1,850,131**	**394,797,577**	**406,233,092**	**353,284,540**
Total Expenses	**9,585,384**	**1,850,131**	**394,797,577**	**406,233,092**	**353,284,540**
Revenues					
Pension Contributions Credited to Revenue	0	0	(12,473,066)	(12,473,066)	(10,462,844)
User charges	(173,066)	0	0	(173,066)	(120,588)
Total Revenues	**(173,066)**	**0**	**(12,473,066)**	**(12,646,132)**	**(10,583,432)**
Net Cost of Operations	**9,412,318**	**1,850,131**	**382,324,511**	**393,586,960**	**342,701,108**

The accompanying notes form an integral part of these financial statements.

Office of the Commissioner for Federal Judicial Affairs
Statement of Financial Position (unaudited)
At March 31
(in dollars)

		2007	2006
ASSETS			
Financial assets			
	Receivables(Note 4)	820,462	337,332
	Advances(Note 4)	1,266,368	917,608
	Total financial assets	**2,086,830**	**1,254,940**
	Non-financial assets		
	Prepaid expenses	121,382	59,154
	Capital assets (Note 5)	210,248	295,184
	Total non-financial assets	**331,630**	**354,338**
TOTAL		**2,418,460**	**1,609,278**
Liabilities			
	Accounts payable and accrued liabilities	1,814,733	1,161,972
	Vacation pay and compensatory leave	202,126	228,154
	Judges Supplementary Retirement		
	Benefit Account (Note 7)	127,564,956	117,060,075
	Employee severance benefits (Note 6)	954,065	904,608
	Total Liabilities	**130,535,880**	**119,354,809**
Equity of Canada		**(128,117,420)**	**(117,745,531)**
TOTAL		**2,418,460**	**1,609,278**

The accompanying notes form an integral part of these financial statements.

Office of the Commissioner for Federal Judicial Affairs
Statement of Equity of Canada (unaudited)
At March 31
(in dollars)

	2007	2006
Equity of Canada, beginning of year	**(117,745,530)**	**(109,844,167)**
Net cost of operations	(393,586,960)	(342,701,108)
Current year appropriations used (Note 3)	404,584,428	351,797,250
Revenue not available for spending	(12,473,066)	(10,463,920)
Change in net position in the Consolidated Revenue Fund (Note 3)	(10,253,257)	(7,772,308)
Services received without charge from other government departments (Note 8)	1,356,964	1,238,722
Equity of Canada, end of year	**(128,117,421)**	**(117,745,530)**

The accompanying notes form an integral part of these financial statements.

Office of the Commissioner for Federal Judicial Affairs
Statement of Cashflow (unaudited)
For the year ended March 31
(in dollars)

	2007	2006
Operating activities		
Net cost of operations	393,586,960	342,701,108
Non-cash items:		
Amortization of capital assets (Note 5)	(110,988)	(111,062)
Loss on write-down of capital assets	(3,818)	-
Services provided without charge other government departments (Note 8)	(1,356,964)	(1,238,723)
Variations in Statement of Financial Position:		
Increase (decrease) in advances	348,760	(194,920)
Increase (decrease) in receivables	483,129	23,266
Increase (decrease) prepaid expenses	62,228	(28,279)
Decrease (increase) in liabilities	(11,181,071)	(7,726,657)
Cash used by operating activities	381,828,236	333,424,733
Capital investment activities		
Acquisition of tangible capital assets	29,869	136,289
Cash used by capital investment activities	29,869	136,289
Financing activities		
Net cash provided by Government of Canada	(381,858,105)	(333,561,022)

The accompanying notes form an integral part of these financial statements.

Office of the Commissioner for Federal Judicial Affairs
Notes to the Financial Statements (unaudited)
Year ended March 31, 2007

1. Authority and Objectives

The Office of the Commissioner for Federal Judicial Affairs (FJA) was created in 1978 under the authority of the *Judges Act* to safeguard the independence of the Judiciary and to put federally appointed judges at arm's length from the administration of the Department of Justice. It exists to promote the better administration of justice and focuses its efforts on providing a sound support role to the federal judiciary.

It administers three distinct and separate components that are funded from three very distinct sources. Statutory funding is allocated for the judges' salaries, allowances and annuities and surviving beneficiaries' benefits. Vote appropriations are provided in two separate votes to support the administrative activities of the Office of the Commissioner and the administrative activities of the Canadian Judicial Council.

The administration of the Office of the Commissioner is structured to reflect the distinctiveness of its role in supporting federal judicial activities. Under the Program Activity Architecture, the organization is broken down into three program activities: Payments Pursuant to the Judges *Act*; Canadian Judicial Council; and Federal Judicial Affairs (FJA).

These activities strive to meet our priorities of: developing organizational capacity; building a strong, integrated team; improving service delivery; enhancing communications; and managing information.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations - The Office of the Commissioner for Federal Judicial Affairs is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the department do not parallel financial reporting according to generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provide a high-level reconciliation between the bases of reporting.

(b)Net Cash Provided by Government- the department operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the department is deposited to the CRF and all cash disbursements made by departments are paid from the CRF. The net cash provided by the Government is the difference between all cash

receipts and all cash disbursements including transactions between departments of the federal government.

(c)Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by the Government and appropriations used in a year. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

(d)Revenues - Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

(e)Expenses - Expenses are recorded on the accrual basis:

- Vacation pay and compensatory leave are expenses as the benefits accrue to employees under their respective terms of employment.

- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f)Employee and federally appointed judges future benefits

(i)Pension benefits: Eligible employees participate in the Public Service Pension Plan (PSSA) multiemployer administered by the Government of Canada. The department's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require the department to make contributions for any actuarial deficiencies of the Plan.

(ii)Severance benefits – Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

(iii) Federally appointed judges pension benefits- Federally appointed judges pension plan. Eligible federally appointed judges and their survivors are entitled to fully indexed annuities providing that the judges meet minimum age and service requirements. The main benefits paid from this plan are recorded on a pay-as-you-go basis. They are included in the Statement of Operations as a component of salaries and benefits and the judges contributions are credited to revenue. Contributions made by FJA and judges pertaining to the portion of the plan that relates to indexation of benefits is recorded in a Supplementary Retirement Benefits Account, which is presented on the Statement of Financial Position. FJA's contribution towards indexation is expensed at the time it is accrued in the Account in accordance with the legislation. The actuarial liability associated with the judges pension plan is recorded in the financial statements of the Government of Canada, the ultimate sponsor of the plan.

(g)Accounts and loans receivables are stated at amounts expected to be ultimately realized; a provision is made for external receivables where recovery is considered uncertain.

(h) Tangible capital assets - all tangible capital assets and leasehold improvements having an initial cost of $5,000 or more are recorded at their acquisition cost. FJA does not capitalize intangibles, works of art and historical treasures the have cultural, aesthetic or historical value. Amortization of tangible capital assets is done on a straight-line basis with an assumed residual value of zero ($0) over the estimated useful life of the capital asset as follows:

Asset Class	Amortization period
Machinery and equipment	5 to 10 years
Furniture& Fixtures	10 years
Informatics Hardware & Software	3 years

(i) Measurement uncertainty – the preparation of these financial statements in accordance with Treasury Board accounting policies, which are consistent with Canadian generally, accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

The Department receives most of its funding through annual Parliamentary appropriations. Items recognized in the statement of operations and the statement of financial position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Department has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to Current year appropriations used

(in dollars)	2007	2006
Net cost of operations	393,586,960	342,701,108
Adjustments for items affecting net cost of operations But not affecting appropriations:		
Add (Less):		
Services provided without charge	(1,356,964)	(1,238,723)
Employee Severance Benefits	(49,457)	(139,881)
Amortization of tangible capital assets	(110,988)	(111,062)
Loss on write-down of tangible capital assets	(3,818)	-
Vacation pay and compensatory leave	26,028	(177)
Judges Pensions Contributions	12,473,066	10,462,844
Adjustment to prior year expenses	167	1,076
Other	(10,435)	(14,224)
Adjustments for items not affecting net cost of operations but affecting appropriations		
Add (Less):		
Acquisitions of tangible capital assets	29,869	136,289
Current year appropriations used	**404,584,428**	**351,797,250**

(b) Appropriations provided and used

	Appropriations Provided	
(in dollars)	2007	2006
Vote 20 - Operating expenditures-FJA	8,055,613	7,991,548
Vote 25 - Operating expenditures-CJC	1,851,950	1,836,750
Statutory amounts	395,581,531	342,296,715
Less:		
Lapsed appropriations: Operating	(904,666)	(327,763)
Current year appropriations used	**404,584,428**	**351,797,250**

(c) Reconciliation of net cash provided by Government to current year appropriations used

(in dollars)	2007	2006
Net cash provided by Government	381,858,105	333,561,022
Revenue not available for spending	12,473,066	10,463,920
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable	(483,129)	(23,266)
Variation in advances	(410,988)	194,920
Variation in accounts payable, accrued liabilities less Employee Severance Benefits	11,157,642	7,726,657
Other adjustments	(10,268)	(126,003)
	10,253.257	7,772,308
Current year appropriations used	**404,584,428**	**351,797,250**

4. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

(in dollars)	2007	2006
Receivables from other Federal Government Departments and agencies	703,342	178,284
Receivables from external parties	117,120	159,048
Advances	1,266,368	917,608
Total	2,086,830	1,254,940

5. Tangible Capital Assets

(in dollars)

Cost					Accumulated amortization				Net Book Value	
Capital asset Class	Opening Balance	Acquisi-tions	Disposals and write-offs	Closing balance	Opening balance	Amortiz-ation	Disposals and write-offs	Closing balance	2007	2006
Machinery & equipment	88,543	-	2,363	86,180	22,449	10,685	(1,455)	34,589	51,591	66,094
Informatics Hardware	468,527	21,374	-103,198	593,099	309,065	63,028	(103,198)	475,291	117,808	159,462
Furniture & Fixtures	19,552	-	-	19,552	9,776	1,955	-	11,731	7,821	9,766
Software	121,191	8,495	44,901	84,785	61,338	35,320	44,901	51,757	33,028	59,852
Total	697,813	29,869	-55,934	783,616	402,628	110,988	(59,752)	573,368	210,248	295,184

Amortization expense for the year ended March 31, 2007 is $110,988 (2006-$111,062).

6. Employee Benefits

(a) Pension benefits: The department's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and the department contribute to the cost of the Plan. The 2006-07 expense amount to $577,774 ($609,552 in 2005-06), which represents approximately 2.6 time the contributions by employees.

The department's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

(b) Severance benefits: The department provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

(in dollars)	2007	2006
Accrued benefit obligation, beginning of year	904,608	764,727
Expense for the year	49,457	239,149
Benefits paid during the year	-	(99,268)
Accrued benefit obligation, end of year	**954,065**	**904,608**

7. Judges Supplementary Retirement Benefit Account

(in dollars)	2007	2006
Liability, beginning of year	117,060,075	108,408,237
Contributions	5,611,579	4,668,383
Interest	4,893,302	3,983,455
Liability, end of year	**127,564,956**	**117,060,075**

The pension plan for federally appointed judges provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan lacks an explicit accrual rate for benefits. Instead the full benefit amount is generally payable when the member has completed 15 years of pensionable service and the total of the members age and years of service totals 80. Judges who elect Supernumerary Status or judges, who qualify for retirement, make required contributions of 1% of salary. All other judges make contributions of 7% of salary.

The main benefits from this plan are expensed on a pay-as-you-go basis. However, in virtue of the *Supplementary Retirement Benefits Act, f*or the portion of the plan that relates to indexation of benefits, the 1% portion of salary contributed by the judges is recorded in a Supplementary Retirement Benefits Account, along with a matching contribution of 1% recorded by FJA. In addition, interest is accrued on the outstanding balance of the Account. The actuarial liability associated with the judges pension plan is recorded in the financial statements of the Government of Canada.

8. Related party transactions

The Office of the Commissioner for Federal Judicial Affairs is related in terms of common ownership to all Government of Canada departments, and Crown Corporations. The Office of the Commissioner for Federal Judicial Affairs enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises except that certain services, as shown below, are provided without charge.

a) Services provided without charge:

During the year the department received without charge from other departments, accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the department's Statement of Operations as follows:

(in dollars)	2007	2006
Accommodation provided by Public Works and Government Services Canada	1,013,085	903,492
Contributions covering employer's share of employees' insurance premiums and costs paid by Treasury Board Secretariat	343,879	335,231
Total	**1,356,964**	**1,238,723**

The Government has structured some of its administrative activities for efficiency and cost effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the department's Statement of Operations.

b) Payables and receivables outstanding at year-end with related parties:

(in dollars)	2007	2006
Accounts receivable with other government departments and agencies	703,342	226,390
Accounts payable to other government departments and agencies	52,602	41,951

9. Comparative Information

Comparative figures have been reclassified to conform to the current year's presentation.

SECTION IV – OTHER ITEMS OF INTEREST

Supplementary Information on Travel Policies can be found at http://publiservice.tbs-sct.gc.ca/rma/dpr2/06-07/index_e.asp.

As part of its mandate to support the Canadian judiciary, the Office of the Commissioner for Federal Judicial Affairs provides support services to the Office of the Canadian Judicial Council. The Council is composed of the 39 Chief Justices and Associate Chief Justices of Canada's superior Courts. Its mandate is to promote efficiency and uniformity, and to improve the quality of judicial service in Canada. The Council is also responsible for reviewing complaints against federally appointed judges. Information about the Council, its mandate and activities are found at the Council's website, http://www.cjc.gc.ca.

Contacts for Further Information

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Listing of Statutory and Departmental Reports

Canadian Judicial Council Annual Report

Computer News for Judges

Federal Courts Reports

Report and Recommendations of the 2004 Judicial Compensation and Benefits Commission

Legislation Administered by the Office of the Commissioner for Federal Judicial Affairs

The Minister has sole responsibility to Parliament for the following Act:

Judges Act (R.S. C. 1985, c. J-1,s.1.) February 2007